Grown Up Group Investment Holdings Limited
植華集團投資控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1842)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2019	2018
Financial Results	***HK$'000***	*HK$'000*
Revenue	**304,788**	677,464
(Loss)/profit for the year	**(29,500)**	27,119
Basic (loss)/earnings per share (HK cent)	**(3.22)**	3.27
Diluted (loss)/earnings per share (HK cent)	**(3.22)**	3.27

	As at 31 December	
	2019	2018
Statement of Financial Position	***HK$'000***	*HK$'000*
Non-current assets	**88,373**	89,704
Current assets	**251,769**	338,273
Total assets	**340,142**	427,977
Current liabilities	**206,039**	324,016
Non-current liabilities	**12,191**	23,896
Total liabilities	**218,230**	347,912
Net assets	**121,912**	80,065

Ratio Analysis

Current ratio	**1.2**	1.0
Gearing ratio	**79.6%**	117.5%

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Grown Up Group Investment Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2018. These results have been reviewed by the Company's audit committee (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*3*	**304,788**	677,464
Cost of sales		**(225,959)**	(522,564)
Gross profit		**78,829**	154,900
Other income	*4*	**709**	839
Other gains, net	*5*	**82**	60
Selling and distribution expenses		**(34,726)**	(42,708)
Administrative expenses		**(69,270)**	(71,499)
(Loss)/profit from operations		**(24,376)**	41,592
Finance income	*7*	**972**	1,343
Finance costs	*7*	**(9,085)**	(6,793)
Finance costs, net	*7*	**(8,113)**	(5,450)
(Loss)/profit before income tax		**(32,489)**	36,142
Income tax credit/(expense)	*8*	**2,989**	(9,023)
(Loss)/profit for the year		**(29,500)**	27,119
Other comprehensive loss:			
Items that may be reclassified to profit or loss			
Currency translation differences		**(386)**	(1,468)
Total comprehensive (loss)/income for the year		**(29,886)**	25,651
(Loss)/earnings per share attributable to owners of the Company for the year			
Basic and diluted (HK cent)	*9*	**(3.22)**	3.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	**2019** **HK$'000**	2018 *HK$'000*
Non-current assets			
Property, plant and equipment	*10*	**23,994**	30,681
Right-of-use assets		**12,475**	–
Financial assets at fair value through profit or loss	*13*	**7,002**	7,002
Investment property		**1,400**	1,300
Intangible assets	*11*	**39,783**	48,297
Prepaid land lease payments		**–**	1,313
Deferred income tax assets		**3,719**	1,111
		88,373	89,704
Current assets			
Inventories		**42,771**	30,038
Trade and other receivables	*12*	**123,982**	218,984
Amount due from a director		**–**	7,739
Amount due from the ultimate holding company		**–**	5,798
Amounts due from related companies		**–**	31,295
Tax recoverable		**493**	777
Pledged deposits		**28,044**	26,011
Cash at bank and on hand		**56,479**	17,631
		251,769	338,273
Total assets		**340,142**	427,977
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*16*	**10,000**	–*
Other reserves		**23,959**	(37,586)
Retained earnings		**87,953**	117,651
Total equity		**121,912**	80,065

	Note	2019	2018
		HK$'000	*HK$'000*
Non-current liabilities			
License fees payable		**7,190**	20,229
Lease liabilities		**5,001**	–
Obligations under finance leases		**–**	3,107
Deferred income tax liabilities		**–**	560
		12,191	23,896
Current liabilities			
Trade and other payables	*14*	**57,621**	126,776
Contract liabilities		**1,962**	1,995
License fees payable		**12,271**	11,761
Amount due to the immediate holding company		**–**	10,520
Lease liabilities		**7,125**	–
Obligations under finance leases		**–**	1,870
Bills payable		**35,174**	72,263
Bank and other borrowings	*15*	**84,931**	89,071
Tax payable		**6,955**	9,760
		206,039	324,016
Total liabilities		**218,230**	347,912
Total equity and liabilities		**340,142**	427,977

* Below HK$1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 GENERAL INFORMATION OF THE GROUP

Grown Up Group Investment Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The address of registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries (collectively, the "**Group**") are designing, developing, manufacturing and selling bag and luggage products (the "**Listing Business**").

Prior to the completion of the reorganisation (the"**Reorganisation**") as described in Note 1.2 below, the Listing Business is conducted through the subsidiaries now comprising the Group under Grown-Up Group Holdings Limited ("**GHL HK**"). The ultimate holding company of the Company is Berg Group Holding Limited. The ultimate controlling parties of the Group are Mr. Thomas Berg ("**Mr. Berg**") and Mr. Morten Rosholm Henriksen ("**Mr. Henriksen**") (together the "**Controlling Shareholders**").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**the Listing**") on 28 June 2019.

The consolidated financial statements are presented in the thousands of Hong Kong dollars ("**HK$000**"), unless otherwise stated.

1.2 REORGANISATION

In preparing for the Listing, the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

(i) Disposal of the Elements Group Investment Holdings Limited ("EGIHL") and its subsidiaries ("Elements Group") by Grown-Up Group Holdings Limited BVI ("GHL BVI")

On 19 October 2017, GHL BVI, a wholly-owned subsidiary of the Group disposed its entire interest in EGIHL to Group One Industries Limited ("Group One"), a company which is beneficially owned by Mr. Berg at a nominal consideration of US$1. After the aforesaid share transfer, the Group no longer had any interest in Elements Group. Elements Group is principally engaged in manufacturing and sale of kitchen-related products. Elements Group was excluded from the Group as it did not form part of the Listing Business.

(ii) Transfer of 25% interest in GHL HK to GHL BVI

On 28 October 2017, GHL BVI acquired 1,250,000 shares of GHL HK (representing 25% of the issued share capital of GHL HK) from the immediate holding company at a consideration of HK$35,160,000, which was settled by crediting to the amount due from the immediate holding company and is accounted for as a transaction with owners in the consolidated statement of changes in equity. After the aforesaid share transfer, GHL HK became wholly-owned by GHL BVI.

(iii) Acquisition of 20% of interest in Grown-Up License Limited "GPL HK" and 20% interest in Grown-Up Licenses ApS ("GPL APS")

On 9 October 2018, the immediate holding company acquired 20% of the equity interest in GPL HK (which was transferred from Mr. Henriksen to Rosholm Holding ApS ("**RHS**") on 29 November 2017) and 20% of the equity interest in GPL APS from RHS, a company beneficially owned by Mr. Henriksen. In consideration of the aforesaid transactions, 111 shares of the immediate holding company were allotted issued and credited as fully paid to RHS. Subsequently, the said equity interests in GPL HK and GPL APS held by the immediate holding company were further transferred to GHL HK and GPL HK at a consideration of HK$13,500,000 and HK$1,460,000 on 10 October 2018 and 12 October 2018, respectively, such that GPL APS became a wholly-owned subsidiary of GPL HK and GPL HK became a wholly-owned subsidiary of GHL HK.

(iv) Incorporation of the Company

On 8 February 2018, the Company was incorporated in the Cayman Islands with one fully paid share issued to the initial subscriber. On the same day, such subscriber share was transferred to GP Group Investment Holding Limited ("**GPG**"), the immediate holding company. As a result, the Company became wholly-owned by GPG.

On 12 October 2018, the Company acquired 84 shares and 16 shares of GHL BVI (representing 84% and 16% of the entire issued share capital of GHL BVI, respectively) from GPG and Favourable Outcome Limited (the "**Pre-IPO Investor**"), respectively. In consideration of the aforesaid acquisitions, 7,435 shares, 1,600 shares and 964 shares were allotted, issued and credited as fully paid to GPG, the Pre-IPO Investor and Berg Group Holding Limited ("**Berg Group**"), respectively.

After the aforesaid acquisitions, allotments and issues, GHL BVI became a wholly-owned subsidiary of the Company.

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

1.3 BASIS OF PRESENTATION

Immediately prior to and after the Reorganisation as set out in Note 1.2, the Listing Business is ultimately controlled by the Controlling Shareholders. The Listing Business is mainly conducted through the subsidiaries now comprising the Group under GHL HK. There has been no change in ownership control for these entities under GHL HK from its perspective. Pursuant to the Reorganisation, the subsidiaries now comprising the Group and the Listing Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under the subsidiaries of the Group and presented as a continuation of the consolidated financial statements of the subsidiaries of the Group, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business for all periods presented.

Intercompany transactions, balances and unrealised gains/losses on transactions between subsidiaries now comprising the Group are eliminated upon consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements, unless otherwise states.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and the requirements of the Hong Kong Companies Ordinance Cap.622 ("**HKCO**").

The consolidated financial statements have been prepared on a historical cost basis, except for the financial asset at fair value through profit or loss and an investment property that are measured at fair value.

The Group incurred a net loss of HK$29,500,000 and had a net cash operating outflow of HK$46,081,000 for the year ended 31 December 2019. As at 31 December 2019, the Group had total bank borrowings of HK$84,931,000. The Group failed to comply with the financial ratio undertakings in respect of interest coverage ratio for the year ended 31 December 2019 of one of the Group's banking facilities with a credit limit of HK$61,000,000 of which HK$6,262,000 was utilised as at 31 December 2019.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The directors have reviewed the Group's cash flow projections prepared by management covering a period of twelve months from 31 December 2019. A number of measures have been put in place by the directors of the Company, including but not limited to:

(i) In March 2020, the Group obtained the bank's wavier from compliance with the relevant financial ratio undertakings for the year ended 31 December 2019 in relation to the abovementioned bank facility. The relevant bank will only assess the compliance of the restrictive undertakings upon the next annual review of the banking facility not earlier than October 2020. The Group will continue to monitor its compliance with the restrictive undertaking requirements and anticipate that it would be able to comply with the restrictive undertaking requirement. Management will also discuss and negotiate with the respective banks to seek to revise the terms and the restrictive undertaking requirements upon renewal of the banking facilities.

(ii) The Group has maintained continuous communication with its banks and based on its latest communication, the directors of the Company are of the opinion that the Group's banking facilities will be renewed upon expiry and continue to be available to the Group for the next twelve months from the date of the consolidated statement of financial position.

Based on the cash flow projections and taking into account the unused proceeds raised from the Company's share offer, anticipated cash inflows generated from the Group's operations, the possible changes in its operating performance as well as the continuous availability of banking facilities, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2019. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

a) New and amended standards adopted by the Group

The Group has adopted and applied, for the first time, the following new standards and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2019:

HKAS 19 (Amendments)	Plant amendment, curtailment or settlement
HKAS 28 (Amendments)	Long-term Interest in Associate and Joint Ventures
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKFRS Standards 2015–2017 Cycle	Annual Improvement

Except for the impact for HKFRS 16 "Leases" set out in Note 2.2, the adoption of the above new standard, improvements, interpretation and amendments to standards did not have any significant change to the accounting policy or any significant financial impact on the consolidated financial statements.

b) New standards, revised framework and amendments to standards which are not yet effective

Certain new standard, revised framework and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on 1 January 2020 or later periods, but have not been early adopted by the Group.

HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge accounting[1]
HKFRS 3 (Amendments)	Definition of a Business[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]
HKFRS 17	Insurance Contracts[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for the accounting period beginning on 1 January 2020

[2] Effective for the accounting period beginning on 1 January 2021

[3] Effective date to be determined

The Group will apply the above new standard, revised framework and amendments to standards when they become effective. No new standard, revised framework and amendments to standards is expected to have a significant effect on the consolidated financial statements of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 on the Group's consolidated financial statements.

As indicated in Note 2.1 above, the Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Upon adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases except for short-term and low value leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged between 4.8% to 5.5%. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The borrowing rate applied to the lease liabilities on 1 January 2019 ranged between 2.5% to 8%. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 "Determining whether an Arrangement contains a Lease".

(ii) Measurement of lease liabilities

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	**5,480**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**5,418**
Less: Short-term leases not recognised as a liability	**(29)**
Less: Low-value leases not recognised as a liability	**(335)**
Add: Finance lease liabilities recognised as at 31 December 2018	**4,977**
Lease liabilities recognised as at 1 January 2019	**10,031**
Represented as:	
Current lease liabilities	**5,868**
Non-current lease liabilities	**4,163**
	10,031

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property, machinery and motor vehicle leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required a significant adjustment to the right-of-use assets at the date of initial application.

(iv) Adjustment recognised in the consolidated statement of financial position as at 1 January 2019

The adoption of HKFRS 16 affected the following items in the consolidated statement of financial position at 1 January 2019:

	Before adoption 1 January 2019 *HK$'000*	**Adoption of HKFRS 16** *HK$'000*	**After adoption 1 January 2019** *HK$'000*
Non-current assets			
Property, plant and equipment	30,681	(4,286)	26,395
Prepaid land lease payments	1,313	(1,313)	–
Right-of-use assets	–	10,465	10,465
Deferred income tax assets	1,111	29	1,140
	33,105	4,895	38,000
Current assets			
Prepaid land lease payments (included in trade and other receivables)	39	(39)	–
Non-current liabilities			
Lease liabilities	–	4,163	4,163
Obligations under finance leases	3,107	(3,107)	–
Deferred income tax liabilities	560	–	560
	3,667	1,056	4,723
Current liabilities			
Lease liabilities	–	5,868	5,868
Obligations under finance leases	1,870	(1,870)	–
	1,870	3,998	5,868
Equity			
Retained earnings	117,651	(198)	117,453

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

3 SEGMENT INFORMATION AND REVENUE

Management of the Group, consist of the chief executive officer and the chief operating officer, examines the Group's performance from product perspective and has identified two reportable segments of its business comprising, the Private Label Products segment and the Branded Label Products segment. The Private Label Products segment – Private label products are produced and sold under both OEM and ODM businesses to the brand owners or their licensees. The Branded Label Products segment – Branded label products include products branded under the Group's proprietary Ellehammer brand as well as the licensed brands, distributed through the Group's sales network comprising third party distributors and self-operated distribution channel.

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
Sales of goods	**297,058**	677,464
Royalty income	**7,730**	–
	304,788	677,464
Timing of revenue recognition		
– At a point in time	**304,788**	677,464

FOR THE YEAR ENDED 31 DECEMBER 2019

	Private label products	**Branded label products**	**Intersegment elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**181,143**	**123,645**	**–**	**304,788**
Inter-segment revenue	**68,620**	**–**	**(68,620)**	**–**
Total segment revenue	**249,763**	**123,645**	**(68,620)**	**304,788**
Segment results	**1,340**	**268**	**(10,052)**	**(8,444)**
Other income				**657**
Other gains, net				**82**
Corporate expenses				**(16,671)**
Loss from operations				**(24,376)**
Finance income				**972**
Finance costs				**(9,085)**
Loss before income tax				**(32,489)**
Income tax credit				**2,989**
Loss for the year				**(29,500)**

Other segment information:

	Private label products	**Branded label products**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Amortisation of license rights	**–**	**(8,077)**	**–**	**(8,077)**
License right written-off	**–**	**(327)**	**–**	**(327)**
Depreciation of right-of-use assets	**(7,376)**	**(140)**	**–**	**(7,516)**
Depreciation of property, plant and equipment	**(3,013)**	**(17)**	**–**	**(3,030)**
Credit loss allowance	**(445)**	**(300)**	**–**	**(745)**

FOR THE YEAR ENDED 31 DECEMBER 2018

	Private label products *HK$'000*	Branded label products *HK$'000*	Intersegment elimination *HK$'000*	Total *HK$'000*
Revenue from external customers	514,392	163,072	–	677,464
Inter-segment revenue	71,430	–	(71,430)	–
Total segment revenue	585,822	163,072	(71,430)	677,464
Segment results	24,985	44,309	(13,307)	55,987
Other income				756
Other gains, net				60
Corporate expenses				(15,211)
Profit from operations				41,592
Finance income				1,343
Finance costs				(6,793)
Profit before income tax				36,142
Income tax expenses				(9,023)
Profit for the year				27,119

Other segment information:

	Private label products *HK$'000*	Branded label products *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amortisation of license rights	–	(9,571)	–	(9,571)
Depreciation of property, plant and equipment	(5,314)	(6)	–	(5,320)
Amortisation of prepaid land lease payments	(39)	–	–	(39)

As at 31 December 2019

	Private label products ***HK$'000***	**Branded label products** ***HK$'000***	**Corporate assets/ (liabilities)** ***HK$'000***	**Total** ***HK$'000***
Non-current assets	**47,097**	**30,546**	**10,730**	**88,373**
Current assets	**119,514**	**77,615**	**54,640**	**251,769**
Total assets	**166,611**	**108,161**	**65,370**	**340,142**
Segment liabilities	**(79,849)**	**(80,152)**	**–**	**(160,001)**
Other liabilities	**–**	**–**	**(58,229)**	**(58,229)**
Net assets	**86,762**	**28,009**	**7,141**	**121,912**
Additions to non-current assets	**763**	**42**	**117**	**922**

As at 31 December 2018

	Private label products *HK$'000*	Branded label products *HK$'000*	Corporate assets/ (liabilities) *HK$'000*	Total *HK$'000*
Non-current assets	43,656	37,689	8,359	89,704
Current assets	212,270	49,151	76,852	338,273
Total assets	255,926	86,840	85,211	427,977
Segment liabilities	(196,630)	(50,466)	–	(247,096)
Other liabilities	–	–	(100,816)	(100,816)
Net assets/(liabilities)	59,296	36,374	(15,605)	80,065
Additions to non-current assets	3,624	–	–	3,624

Non-current assets, other than financial asset at fair value through profit or loss, intangible assets, right-of-use assets and deferred income tax assets, by geographical area are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
The People's Republic of China (the "**PRC**")	**20,266**	23,030
Hong Kong	**4,950**	8,658
Europe	**178**	293
	25,394	31,981

4 OTHER INCOME

	2019 ***HK$'000***	2018 *HK$'000*
Rental income	**657**	756
Others	**52**	83
	709	839

5 OTHER GAINS, NET

	2019	2018
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**(18)**	(40)
Fair value gain on an investment property	**100**	100
	82	60

6 EXPENSES BY NATURE

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**163,153**	430,244
Employee benefit expenses	**94,549**	118,222
Transportation and freight charges	**16,388**	22,012
Amortisation of license rights	**8,077**	9,571
License right written-off	**327**	–
Depreciation of right-of-use assets	**7,516**	–
Depreciation of property, plant and equipment	**3,030**	5,320
Directors' emoluments	**5,452**	6,031
Amortisation of prepaid land lease payments	**–**	39
Operating lease payments	**–**	7,475
Expenses related to short-term and low-value lease	**364**	–
Royalty fees	**57**	1,712
Auditor's remuneration		
– Audit service	**1,492**	1,237
– Non-audit services	**284**	438
Credit loss allowance	**745**	–
Legal and professional fees	**2,102**	995
Listing expenses	**12,739**	12,995
Sample costs	**2,477**	1,618
Marketing expenses	**1,863**	1,905
Exchange differences	**(607)**	1,288
Others	**9,947**	15,669
	329,955	636,771
Representing:		
Cost of sales	**225,959**	522,564
Selling and distribution expenses	**34,726**	42,708
Administrative expenses	**69,270**	71,499
	329,955	636,771

7 FINANCE COSTS, NET

	2019 *HK$'000*	2018 *HK$'000*
Finance income		
– Interest income from bank deposits	**415**	523
– Interest income from related companies	**557**	820
	972	1,343
Finance costs		
– Interest expenses on bank borrowings and bank overdrafts	**(7,639)**	(6,144)
– Interest expenses on finance lease	**–**	(236)
– Interest expenses related to lease liabilities	**(744)**	–
– Notional interest on license fee payable	**(702)**	(413)
	(9,085)	(6,793)
Finance costs, net	**(8,113)**	(5,450)

8 INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2019. The Group's subsidiaries in the PRC are subject to the China Corporate Income Tax ("**CIT**") at a rate of 25% for the year ended 31 December 2019. The Group's subsidiaries in Denmark are subject to the income tax at the rate of 22% for the year ended 31 December 2019.

The amount of taxation (credit)/charged to profit or loss represents:

	2019 *HK$'000*	2018 *HK$'000*
Current income tax		
– Hong Kong profits tax	**–**	4,830
– China corporate income tax	**891**	3,391
– Denmark income tax	**558**	20
– Over-provision from prior year	**(1,299)**	–
Deferred income tax	**(3,139)**	782
	(2,989)	9,023

9 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the years ended 31 December 2018 and 2019.

Pursuant to the shareholders' resolution passed on 30 May 2019, the directors of the Company are authorised to allot and issue a total of 829,990,000 ordinary shares credited as fully paid at par by way of capitalisation of the sum of HK$8,299,900 standing to the credit of the share premium account upon the Listing (the "**Capitalisation Issue**") (Note 16).

On 28 June 2019, the shares of the Company were listed on the Main Board of the Stock Exchange. The Company issued a total of 170,000,000 shares at a price of HK$0.5 per share for a total proceeds (before related fees and expenses) of HK$85,000,000.

The weight average number of ordinary shares used for the calculation of basic (loss)/earnings per share has been retrospectively adjusted for the effects of issuance of shares of the Capitalisation Issue.

	2019	2018
Loss/profit for the year *(HK$'000)*	**(29,500)**	27,119
Weighted average number of shares in issue (in thousand)	**917,096**	830,000
Basic loss/earnings per share (HK cent)	**(3.22)**	3.27
Diluted loss/earnings per share (HK cent)	**(3.22)**	3.27

Diluted earnings per share presented is the same as the basic earning per share as there were no potentially dilutive ordinary shares issued during the years ended 31 December 2018 and 2019.

10 PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2019, the Group had approximately HK$922,000 (2018: HK$3,624,000) addition to property, plant and equipment and disposed of property, plant and equipment with a total net carrying amount of approximately HK$137,000 (2018: HK$40,000).

11 INTANGIBLE ASSETS

During the year ended 31 December 2019, the Group had approximately HK$397,000 (2018: HK$19,569,000) addition to intangible assets. Impairment of approximately HK$327,000 was recognised during the year ended 31 December 2019 (2018: Nil).

12 TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**91,844**	188,262
Prepayments, deposits and other receivables	**32,138**	30,722
	123,982	218,984

Majority of payment terms with customers are within 60 to 90 days and certain major customers were granted with longer credit terms on discretion. As at 31 December 2019 and 2018, the aging analysis of trade receivables and net of allowances based on invoice date are as follows:

	2019	2018
	HK$'000	*HK$'000*
0-30 days	**42,767**	119,364
31-60 days	**7,189**	31,845
61-90 days	**3,602**	32,212
91-120 days	**3,645**	4,841
Over 120 days	**34,641**	–
	91,844	188,262

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Unlisted investment:		
– Key management insurance contract	**7,002**	7,002

14 TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**44,166**	105,742
Accruals and other payables	**13,455**	21,034
	57,621	126,776

Majority of payment terms with suppliers are within 60 days. As at 31 December 2018 and 2019, the aging analysis of the trade payable of the Group by invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
0-30 days	**13,260**	36,666
31-60 days	**13,338**	33,357
61-90 days	**7,130**	22,216
Over 90 days	**10,438**	13,503
	44,166	105,742

15 BANK AND OTHER BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Bank overdrafts	**51,566**	17,023
Bank borrowings	**27,634**	27,198
Factoring loans	**5,731**	44,850
	84,931	89,071

For the year ended 31 December 2019 and 2018, the interest rates of the bank loans ranged from 2.8% to 5.7% and 3.5% to 5.3% per annum respectively.

16 SHARE CAPITAL

	Number of ordinary shares	Share capital
		HK$'000
Authorised:		
At 31 December 2019 and 2018	10,000,000,000	100,000
Issued and fully paid:		
At 31 December 2018 and 1 January 2019	10,000	–*
Share issued pursuant to the Capitalisation Issue	829,990,000	8,300
Share issued pursuant to the share offer upon Listing	170,000,000	1,700
	1,000,000,000	10,000

Pursuant to the shareholders' resolution passed on 30 May 2019, the directors of the Company are authorised to allot and issue a total of 829,990,000 ordinary shares credited as fully paid at par by way of capitalisation of the sum of HK$8,299,900 standing to the credit of the share premium account upon the Listing.

On 28 June 2019, the shares of the Company were listing on the Main Board of the Stock Exchange. The Company issued a total of 170,000,000 shares at price of HK$0.5 per share for a total proceeds (before related fees and expenses) of HK$85,000,000.

* Below HK$1,000

17 DIVIDENDS

For the year ended 31 December 2019, the Company did not declare any dividend.

For the year ended 31 December 2018, dividends of HK$20,000,000 was declared on 27 December 2018 by the Company now comprising the Group. All the dividends declared during the year ended 31 December 2018 was settled through crediting to the current account with the immediate holding Company.

The rate of dividends and the number of shares ranking for dividends are not presented as such information of dividend declared prior to the Listing is not considered meaningful for the purpose of this announcement.

18 SUBSEQUENT EVENTS

Following the outbreak of Coronavirus Disease 2019 (the "**Epidemic**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions with certain level of restrictions and controls over the travelling of people and traffic arrangements.

Because of the above measures, the Group's production facilities in the PRC could only resume limited productions and scheduled deliveries to customers. The Group is in the progress of revising the production and delivery schedules with customers, and will continue to pay close attention to the development of the Epidemic and evaluate its impact on the financial position and operating results of the Group.

On the other hand, due to the recent wide spread effect of the Epidemic outbreak in Europe and in the United States where the Group's major customers are located, the Group anticipates the outstanding trade receivable may take longer turnover and may need to re-assess the expected credit loss rates on trade receivables. Up to the date on which this set of financial statements were authorised for issue, the Group is in the progress of estimating the potential impact and shall continue to pay close attention to the development of the Epidemic, perform further assessment of its impact and take relevant measures.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

We are one of the establish backpack and luggage manufacturers and exporters principally operating in the design, development, manufacture and sales of a diverse product portfolio under our business model. Our backpack and luggage products under such product portfolio are categorised into: (i) private label products; and (ii) branded products covering licensed brand products and proprietary Ellehammer brand products. These products cater to kid, teen, sports, leisure, business, travel and technical segments.

With nearly three decades of operations, our business model has evolved from a traditional original equipment manufacturing ("**OEM**") to one that is a combination of OEM, original design manufacturing ("**ODM**") and original brand manufacturing ("**OBM**") with a diverse customer portfolio comprising private label customers, distributors, wholesalers and retailers. We believe that our business model differentiates us from traditional OEM backpack and luggage manufacturers. Our Directors believe that we distinguish ourselves by our ability in providing full supply chain capabilities covering product design and development, manufacturing production control, quality assurance, sales and marketing, logistics and distribution.

During the Reporting Period, the unexpected on-going trade dispute between the United States (the "**U.S.**") and the PRC intensified and it adversely affected our orders received from the U.S. and the global economy. Together with the negative impacts caused by the delay in new product development projects with our customers and the postponement of launching licensed luggage products and distributing licensed products in the PRC, the total revenue for the Reporting Period was approximately HK$304.8 million, representing a decrease of approximately HK$372.7 million or 55.0% from approximately HK$677.5 million as recorded for the year ended 31 December 2018.

The breakdown of the revenue by product portfolio and product category are set out as below:

	Year ended 31 December			
	2019		2018	
	Revenue *HK$'000*	*%*	Revenue *HK$'000*	*%*
Private label products				
Backpack and others	**148,307**	**49**	247,931	37
Luggage	**32,836**	**11**	266,461	39
Subtotal	**181,143**	**60**	514,392	76
Branded products				
Backpack and others	**89,644**	**29**	133,674	20
Luggage	**34,001**	**11**	29,398	4
Subtotal	**123,645**	**40**	163,072	24
Total	**304,788**	**100**	677,464	100

Our cost of sales decreased by approximately HK$296.7 million or approximately 56.8% from approximately HK$522.6 million for the year ended 31 December 2018 to approximately HK$226.0 million for the Reporting Period. Such decrease was primarily due to the decrease in cost of inventories sold which was in line with our decreased revenue. Our overall gross profit margin increased from approximately 22.9% for the year ended 31 December 2018 to approximately 25.9% for the Reporting Period. The improvement of gross profit margin was mainly driven by higher sales proportion of branded label products at higher gross profit margin during the Reporting Period.

Our selling and distribution expenses decreased by approximately HK$8.0 million from approximately HK$42.7 million for the year ended 31 December 2018 to approximately HK$34.7 million for the Reporting Period. Such decrease was in line with the decrease in overall sales during the Reporting Period.

Our administrative expenses decreased by approximately HK$2.2 million from approximately HK$71.5 million for the year ended 31 December 2018 to approximately HK$69.3 million for the Reporting Period. Such decrease was mainly due to the combined effect of (i) the decrease in general administrative expenses due to the continuous consolidation and streamlining of the supply chain, quality assurance and administrative functions in the various geographical location of the Group; and (ii) the increase in legal and professional fee due to the shares of the Company became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Our finance costs, net increased by approximately HK$2.6 million from approximately HK$5.5 million for the year ended 31 December 2018 to approximately HK$8.1 million for the Reporting Period. Such increase was mainly due to the increase in the average outstanding balance for interest bearing debts for the year ended 31 December 2019.

For the Reporting Period, the Group's income tax credit amounted to approximately HK$3.0 million, as compared with HK$9.0 million of income tax expense for the year ended 31 December 2018. Such income tax credit was primarily attributed to the recognition of deferred income tax to the loss for the year.

Loss attributable to shareholders of the Company increased by approximately HK$56.6 million to approximately HK$29.5 million for the Reporting Period from profit of approximately HK$27.1 million for the year ended 31 December 2018.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group funds its business and working capital requirements by using a balanced mix of internal resources, bank borrowings and a partial portion of the proceeds from the initial public offering (the "**IPO**"). The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

As at 31 December 2019, the Group had net current assets of approximately HK$45.7 million (31 December 2018: HK$14.3 million), cash and bank balances amounted to approximately HK$84.5 million (31 December 2018: HK$43.6 million) and bank borrowings amounted to approximately HK$84.9 million (31 December 2018: HK$89.1 million). The Group's cash and bank balances as at 31 December 2019 were mainly denominated in Renminbi ("**RMB**"), Hong Kong Dollars ("**HKD**") and United Stated Dollars ("**USD**"). The Group's borrowings carried interest at rates ranging from 2.8% to 5.7% per annum during the Reporting Period (31 December 2018: 3.5% to 5.3%).

The Group's gearing ratio as at 31 December 2019 was 79.6% (31 December 2018: 117.5%), calculated by dividing total debt by total equity multiplied by 100%. The decrease in gearing ratio was primarily due to the increase in equity as a result of issuing new shares upon the listing (the "**Listing**") on the Stock Exchange on 28 June 2019 (the "**Listing Date**").

LISTING EXPENSES

Listing expenses represented fees paid/payable to various professional parties in connection with the Listing. Listing expenses recognised in profit or loss for the year ended 31 December 2019 were approximately HK$12.7 million (2018: HK$13.0 million).

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities.

As at 31 December 2018, performance bonds amounting to approximately HK$0.3 million have been issued by a bank on behalf of the Group in favour of the Group's suppliers.

EVENTS AFTER THE REPORTING PERIOD

Following the outbreak of Coronavirus Disease 2019 (the "**Epidemic**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions with certain level of restrictions and controls over the travelling of people and traffic arrangements.

Because of the above measures, the Group's production facilities in the PRC could only resume limited productions and scheduled deliveries to customers. The Group is in the progress of revising the production and delivery schedules with customers, and will continue to pay close attention to the development of the Epidemic and evaluate its impact on the financial position and operating results of the Group.

On the other hand, due to the recent wide spread effect of the Epidemic outbreak in Europe and in the United States where the Group's major customers are located, the Group anticipates the outstanding trade receivable may take longer turnover and may need to re-assess the expected credit loss rates on trade receivables. Up to the date on which this set of financial statements were authorised for issue, the Group is in the progress of estimating the potential impact and shall continue to pay close attention to the development of the Epidemic, perform further assessment of its impact and take relevant measures.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2019 and 2018.

EMPLOYEE INFORMATION

As at 31 December 2019, the Group had approximately 769 employees. Salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis. Remuneration is reviewed annually. Staff benefits include contribution to mandatory contribution fund, discretionary bonus and share options. As at the date of this announcement, no share option has been granted or agreed to be granted to employees of the Group.

SIGNIFICANT INVESTMENT HELD

During the Reporting Period, the Group did not make any significant investments.

CHARGE ON ASSETS

As at 31 December 2019 and 2018, the following assets were pledged to banks to secure general banking facilities granted to the Group:

(i) Land and buildings with carrying values of approximately HK$20,583,000 (2018: HK$21,495,000);

(ii) Prepaid land use rights included in the right-of-use assets (2018: prepaid land lease payments) with carrying value of approximately HK$1,276,000 (2018: HK$1,352,000);

(iii) Pledged deposits of approximately HK$28,044,000 (2018: HK$ 26,011,000);

(iv) Inventories and trade receivables of a subsidiary company (2018: same); and

(v) Financial assets at fair value through profit or loss of HK$7,002,000 (2018: HK$ 7,002,000).

FOREIGN CURRENCY EXPOSURE

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and RMB. Any significant fluctuation in the exchange rates between USD and RMB may affect the profitability. The Group currently does not have a foreign currency hedging policy. The Group will continue to monitor its foreign currency exposure closely and consider hedging significant foreign currency exposure should the need arise.

DIVIDEND

The Board did not recommend the payment of a final dividend by the Company for the Reporting Period.

USE OF PROCEEDS FROM LISTING

The net proceeds received by the Group, after deducting related expenses, were approximately HK$49.9 million. These proceeds are intended to be applied in accordance with the proposed application set out in the "Future Plans and Use of Proceeds" in the prospectus of the Company dated 13 June 2019 (the "**Prospectus**"). Such uses include: (i) intensifying our design and development efforts on the licensed brand products to deepen our market penetration; (ii) enhancing our design and development capabilities; (iii) expanding our sales and marketing network; (iv) expanding and enhancing our manufacturing capabilities; (v) enhancing our information technology management system to enhance operational efficiency; (vi) repaying outstanding bank loans; and (vii) working capital.

During the Reporting Period, the net proceeds had been applied as follows:

	Planned use of proceeds *HK$'000*	**Actual usage up to 31 December 2019** *HK'000*	**Unutilised amounts as at 31 December 2019** *HK$'000*	**Expected timeline for unutilised net proceeds from IPO**
Intensifying our design and development efforts	8,088	(1,402)	6,686	To be utilised by 31 December 2023
Enhancing our design and development capabilities	5,738	(518)	5,220	To be utilised by 31 December 2022
Expanding our sales and marketing network	7,194	(1,039)	6,155	To be utilised by 31 December 2023
Expanding and enhancing our manufacturing capabilities	11,800	(317)	11,483	To be utilised by 31 December 2021
Enhancing our information technology management system	4,634	–	4,634	To be utilised by 31 December 2022
Repaying outstanding bank loans	7,500	(7,500)	–	N/A
Working capital	4,900	(4,900)	–	N/A

As at 31 December 2019 and as at the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong. During the Reporting Period, the Directors had evaluated the Group's business objectives and considered that no modification to the use of proceeds described in the Prospectus was required. However, due to market uncertainties, our plans in expanding and enhancing our manufacturing capabilities were interrupted. It is expected that the new manufacturing facilities will not be ready in use in 2020.

OUTLOOK AND PROSPECTS

We pride ourselves in having (i) strong design, research and development capabilities, (ii) extensive and diverse international sales network and (iii) long-standing relationships with our internationally renowned customers over the years. We believe these strengths, coupled with the Listing in June 2019, have further strengthened the Group's reputation, credibility and competitiveness, thanks to the increased level of confidence among our existing and prospective customers and suppliers. Nevertheless, 2019 was a challenging year for the Group.

During the Reporting Period, we were affected by the continuing trade disputes between the U.S. and the PRC, which are significant threats to Mainland-based manufacturers in general. The escalating trade disputes between the two nations and the unstable political and business environment had caused our revenue to drop significantly during the Reporting Period. With the outbreak of the Epidemic, the Group's business was also circumvented by having its manufacturing facilities in the PRC shut down and production delayed in early 2020.

The Group is closely monitoring and reviewing the market conditions. With the conclusion of the "Phase One Trade Agreement" between the U.S. and the PRC in January 2020, we believe that it would stimulate and energise the global economy gradually in the coming years. In view of the increasing number of infected cases in early 2020, the Group has been actively observing the development of the Epidemic and is prepared to implement any measures to mitigate any loss suffered due to the outbreak of the Epidemic. The Group has placed significant emphasis on the precautions to minimise the risk of contracting and spreading the Epidemic within its employees. Nonetheless, the Directors remain optimistic with their experience and expertise under their belts.

Flexible measures and business strategies are adopted to meet the challenges ahead. The Directors are aware that the success of the Group lies in the persistence to innovate and are determined to revitalise the business strategies by reinforcing the design and development efforts. To further strengthen the Group's position in the backpack and luggage industry, we are continuously looking for new customers to improve our business profile, despite long-term business relationships with several international-renowned customers were forged and maintained. Aiming at having an expanded sales network, the Group will upgrade its information technology management system to improve operational efficiency and communications with its customers. The Group also endeavours to expand and enhance its manufacturing capabilities to reinvigorate its production process and product standard.

The Group is aware of the ever-changing conditions and is adopting a proactive approach. It is prepared to implement any plans and seize any opportunities to realise economic growth and tackle any issues. We place high emphasis on the commitment and connection with the customers, and will stay sensitive and alert to their needs. The Group strives to nurture its steadfast position and will adhere to its values in bolstering the quality of its products and services in the coming years.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on Tuesday, 30 June, 2020 and the notice of AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to quantify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 23 June 2020.

CORPORATE GOVERNANCE

The Company has adopted the corporate governance code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Company has complied with all the code provisions set out in the CG Code during the period from the Listing Date and up to the date of this announcement.

MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the period from the Listing Date and up to the date of this announcement.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 30 May 2019. The principal terms of the Share Option Scheme is summarised in Appendix V to the Prospectus. The purpose of the Share Option Scheme is to (i) attract and retain the best available personnel; (ii) provide additional incentive to employees; and (iii) promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 30 May 2019, and there is no outstanding share option as at 31 December 2019.

COMPETING INTERESTS

Neither the Directors, the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTEED SECURITIES

Since the Listing Date and up to 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Tang Tin Lok Stephen, Mr. Lau Ning Wa Ricky and Ms. Zhou Jing. Mr. Tang Tin Lok Stephen is currently serving as the chairman of the Audit Committee.

The Group's consolidated financial statements for the Reporting Period have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Company's external auditor, PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PwC on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.grown-up.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the Reporting Period will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

By order of the Board
Grown Up Group Investment Holdings Limited
Thomas Berg
Chairman and executive Director

Hong Kong, 30 March 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Thomas Berg, Mr. Morten Rosholm Henriksen and Mr. Cheng Wai Man; the non-executive Directors of the Company are Mr. Fung Bing Ngon Johnny and Mr. Xiong Jianrui; and the independent non-executive Directors of the Company are Mr. Tang Tin Lok Stephen, Mr. Lau Ning Wa Ricky and Ms. Zhou Jing.